

**SUBJECT: PROGRAM YEAR 2023 STATE ENERGY PROGRAM FORMULA GRANT APPLICATION  
INSTRUCTIONS**

**1.0 PURPOSE**

To establish Formula Grant Application Instructions and management information for the State Energy Program (SEP) Formula Grants for Program Year (PY) 2023, including (1) FY 2023 Allocations, (2) Administrative and Legal Requirements Document (ALRD), (3) the Application Checklist, (4) the Annual Summary Template, (5) the Disadvantaged Communities (DAC) Template, and (6) the State Energy Program (SEP) Annual Formula Grant Application Instructions: Selecting Activities, Sectors, Technologies and/or Topic Areas. The Program Year 2023 SEP Formula Award Application Instructions and the attached Reference Materials apply to SEP grant funds received through regular federal appropriations.

SEP emphasizes each state's role as the decision maker and administrator for program activities within the state that are tailored to their unique resources, delivery capacity, and clean energy goals. Project Officers maintain a partnership with states resulting in a deep understanding of project performance. Through its collaborative work states, SEP contributes to the mission of the DOE Office of State and Community Energy Programs (SCEP) to support state- and community-led efforts to advance energy efficiency improvements and accelerate renewable energy deployment.

**2.0 SCOPE**

The provisions of this Program Notice apply to states, U.S. territories, and the District of Columbia (hereinafter referred to as "states")<sup>1</sup> applying for formula grant financial assistance under DOE's SEP. Much of the information in this Program Notice is summarized from the volumes of the Code of Federal Regulations (CFR) applicable to SEP, namely [10 CFR Part 420](#) (covering SEP), and [2 CFR Part 200](#) as amended by [2 CFR Part 910](#) (the DOE Financial Assistance Rules).

These regulations are the official sources for program requirements.

**2.1 ELIGIBLE APPLICANTS**

In accordance with 2 CFR 910.126 and DOE Program Rule 10 CFR Part 420, eligibility for award is restricted to states applying for formula grant financial assistance under SEP.

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<sup>1</sup> Per 10 CFR 420.2, "State" means a State, the District of Columbia, Puerto Rico, or any territory or possession of the United States.

### **3.0 LEGAL AUTHORITY**

SEP is authorized under the Energy Policy and Conservation Act, as amended (42 U.S.C. 6321 et seq.). All grant awards made under this program shall comply with applicable laws including, but not limited to, the SEP statutory authority (42 U.S.C. § 6321 et seq.), 10 CFR 420, and 2 CFR 200 as amended by 2 CFR 910.

### **4.0 PROGRAM OVERVIEW & GOALS**

The Biden Administration is committed to ensuring that the U.S. builds a 100% clean energy economy and reaches net-zero emissions by 2050. This bold strategy will allow us to turn the grave threat of climate change into an opportunity—to revitalize the U.S. energy and manufacturing sectors, create millions of good-paying jobs throughout the country, and address historic environmental injustices and inequities. In line with this vision, the [Office of State and Community Energy Programs \(SCEP\)](#) works with state and local organizations to significantly accelerate the deployment of clean energy technologies, catalyze local economic development and create jobs, reduce energy costs, and avoid pollution through place-based strategies involving a wide range of government, community, business and other stakeholders. Through its array of programs and sub-offices and in collaboration with other DOE offices, SCEP will help ensure DOE's clean energy infrastructure deployment strategy reduces energy costs and effectively implements place-based approaches that spur wide-spread clean energy adoption throughout the nation.

SEP provides an avenue for SCEP to work in partnership with state energy officials and policymakers to advance key energy goals by providing annual funding through formula grants while maintaining states' flexibility to pursue activities tailored to their unique resources, delivery capacity, and clean energy goals. States are encouraged to consider other funding opportunities and resources provided by SCEP when formulating their plans, as well as partnerships with local governments and other organizations relevant to those opportunities.

SEP is uniquely positioned to help states achieve shared goals and priorities and deliver benefits to communities throughout their jurisdictions. Below are examples of general activities and goals states can pursue that align with the Administration and DOE priorities:

- Increase the energy efficiency of the U.S. economy.
- Develop and implement energy security, resiliency, and emergency preparedness plans.
- Reduce energy costs and carbon emissions.
- Increase investments to expand the use of clean energy resources and infrastructure.
- Support state and local governments in targeting underserved sectors and communities (e.g., public housing, multifamily housing, small businesses, rural communities, hospital or healthcare facilities, and wastewater treatment facilities) for energy efficiency improvements and other energy projects.
- Promote economic growth and job creation.

## 4.1 DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

It is the policy of the Administration that:

“[T]he Federal Government should pursue a comprehensive approach to advancing equity<sup>2</sup> for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. Affirmatively advancing equity, civil rights, racial justice, and equal opportunity is the responsibility of the whole of our government. Because advancing equity requires a systematic approach to embedding fairness in decision-making processes, executive departments and agencies must recognize and work to redress inequities in their policies and programs that serve as barriers to equal opportunity.

By advancing equity across the Federal Government, we can create opportunities for the improvement of communities that have been historically underserved, which benefits everyone.”<sup>3</sup>

As part of this whole-of-government approach, this funding action seeks to encourage states to include the participation of underserved communities<sup>4</sup> and underrepresented groups in the activities states undertake with these funds. States are highly encouraged to include contractors and sub-contractors from groups historically underrepresented<sup>5,6</sup> in their project

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<sup>2</sup> The term “equity” means the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality. EO 13985.

<sup>3</sup> EO 13985.

<sup>4</sup> The Office of Management and Budget [Interim Implementation Guidance for J40](#) defines a disadvantaged community as either: (1) a group of individuals living in geographic proximity (such as census tract), or (2) a geographically dispersed set of individuals (such as migrant workers or Native Americans), where either type of group experiences common conditions.

<sup>5</sup> According to the National Science Foundation’s 2019 report titled, “[Women, Minorities and Persons with Disabilities in Science and Engineering](#)”, women, persons with disabilities, and underrepresented minority groups—Blacks or African Americans, Hispanics or Latinos, and American Indians or Alaska Natives—are vastly underrepresented in the STEM (science, technology, engineering and math) fields that drive the energy sector. For example, in the U.S., Hispanics, African Americans and American Indians or Alaska Natives make up 24 percent of the overall workforce, yet only account for 9 percent of the country’s science and engineering workforce. DOE seeks to inspire underrepresented Americans to pursue careers in energy and support their advancement into leadership positions. <https://www.energy.gov/articles/introducing-minorities-energy-initiative>

<sup>6</sup> Note that Congress recognized in section 305 of the American Innovation and Competitiveness Act of 2017, Public Law 114-329: “[I]t is critical to our Nation’s economic leadership and global competitiveness that the United States educate, train, and retain more scientists, engineers, and computer scientists; (2) there is currently a disconnect between the availability of and growing demand for STEM-skilled workers; (3) historically, underrepresented populations are the largest untapped STEM talent pools in the United States; and (4) given the

scoping and ensure STEM education programs are inclusive of traditionally underrepresented populations and geographies.<sup>7</sup> Further, Minority Serving Institutions<sup>8</sup>, Minority Business Enterprises, Minority Owned Businesses, Woman Owned Businesses, Veteran Owned Businesses, or entities located in an underserved community that meet the eligibility requirements (See Section III) are encouraged to be considered as sub-recipients for proposed state projects.

## **4.2 JUSTICE40 INITIATIVE (J40)**

SEP is a Justice40-covered program<sup>9</sup> and as such contributes to the President’s goal that 40% of the overall project benefits of Federal investments in clean energy and climate solutions flow to DACs that for too long have faced disinvestment and underinvestment. DOE strongly encourages eligible entities to maximize project benefits and describe how these benefits will flow to DACs to the greatest extent practicable. DOE has released [General Guidance on Justice40 Implementation](#) designed to help states and other interested parties incorporate Justice40 Initiative goals into DOE-funded projects. Information from the General Guidance on Justice40 Implementation is provided below.

### **Identifying Benefits**

Benefits include (but are not limited to) measurable direct or indirect investments or positive project outcomes that achieve or contribute to the following in DACs:

- (1) a decrease in energy burden;
- (2) a decrease in environmental exposure and burdens;
- (3) an increase in access to low-cost capital;
- (4) an increase in job creation, the clean energy job pipeline, and job training for individuals;

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shifting demographic landscape, the United States should encourage full participation of individuals from underrepresented populations in STEM fields.”

<sup>7</sup> Note that Congress recognized in Section 10301 of the CHIPS and Science Act of 2022, Public Law 116-167: “[T]he Federal Government must utilize the full talent and potential of the entire Nation by avoiding undue geographic concentration of research and STEM education funding, encouraging broader participation of populations underrepresented in STEM, and collaborating with nongovernment partners to ensure the leadership of the United States in technological innovation.”

<sup>8</sup> Minority Serving Institutions (MSIs), including Historically Black Colleges and Universities/Other Minority Institutions as educational entities recognized by the Office of Civil Rights (OCR), U.S. Department of Education, and identified on the [OCR's Department of Education U.S. accredited postsecondary minorities' institution list](#).

<sup>9</sup> [Justice40 Initiative | Department of Energy](#)

(5) increases in clean energy enterprise creation and contracting (e.g., minority-owned or disadvantaged business enterprises);

(6) increases in energy democracy, including community ownership;

(7) increased parity in clean energy technology access and adoption; and

(8) an increase in energy resilience.

Not all eight policy priorities will be applicable to all DOE programs or funding opportunities. The matrix below provides **examples** of measurable benefits and how they map to the different DOE policy priorities mentioned above.

Policy Priorities	Benefit Metric and Units
1. N/A	Dollars spent [\$] by DOE Covered Programs [\$] in DACs
2. Decrease energy burden in DACs	Dollars saved [\$] in energy <i>expenditures</i> due to technology adoption in DACs
	Energy saved [MMBTU or MWh] or reduction in fuel [GGe] by DACs
3. Decrease environmental exposure and burdens for DACs	Avoided air pollutants (CO2 equivalents, NOx, SO2, and/or PM2.5) in DACs
	Remediation impacts on surface water, groundwater, and soil in DACs
	Reduction of legacy contaminated waste in DACs
4. Increase clean energy jobs, job pipeline, and job training for individuals from DACs	Dollars spent [\$] and/or number of participants from DACs in job training programs, apprenticeship programs, STEM education, tuition, scholarships, and recruitment.
	Number of hires from DACs resulting from DOE job trainings
	Number of jobs created for DACs because of DOE program
	Number of and/or dollar value [\$] of partnerships, contracts, or training with minority serving institutions (MSIs)
5. Increase clean energy enterprise creation and contracting for minority or disadvantaged businesses in DACs	Number of contracts and/or dollar value [\$] awarded to businesses that are principally owned by women, minorities, disabled veterans, and/or LGBT persons
6. Increase energy democracy in DACs	Number of stakeholder events, participants, and/or dollars spent to engage with organizations and residents of DACs, including participation and notification of how input was used
	Number of tools, trainings for datasets/tools, people trained and/or hours dedicated to dataset/tool and technical assistance and knowledge transfer efforts to DACs
	Dollars spent [\$] or number of hours spent on technical assistance for DACs
	Dollar value [\$] and number of clean energy assets owned by DACs members

7. Increase access to low-cost capital in DACs	Dollars spent [\$] by source and purpose and location
	Leverage ratio of private to public dollars [%]
	Loan performance impact through dollar value [\$] of current loans and of delinquent loans (30-day or 90-day) and/or number of loans (30-day delinquent or 90-day default)
8. Increase parity in clean energy technology access and adoption in DACs	Clean energy resource [MWh] adopted in DACs
9. Increase reliability, resilience, and infrastructure to support reliability and resilience in DACs	Increase in community resilience hubs in DACs
	Number and size (MWh) of community resilience infrastructure deployed in DACs (e.g., Distributed solar plus storage, utility scale, DERs, microgrids)

### Identifying Disadvantaged Communities (DACs)

Justice40 directs that 40% of benefits realized from Covered Programs flow to “disadvantaged communities.” Pursuant to OMB’s [Interim Implementation Guidance](#), DOE has developed a working definition and tool to identify applicable DACs at [Energy Justice Dashboard \(anl.gov\)](#). DOE will also recognize DACs as defined and identified by the White House Council of Environmental Quality’s Climate and Economic Justice Screening Tool (CEJST), which can be located at <https://screeningtool.geoplatform.gov/>.<sup>10</sup>

#### Justice40 Implementation:

As a best practice, DOE recommends that recipients develop and sustain procedures and systems that can easily track what benefits are flowing to specific communities or locations (e.g., connecting benefits accrued with zip codes, and/or census tracts). Tracking benefits will allow funding recipients to measure progress and ensure programs are meeting intended goals. Further analysis of this data can also be used to empower program designers and lawmakers with information that is often needed to update or create new programs that better assist communities most in need.

To understand state, local, and tribal government needs around equity and the Justice40 Initiative, DOE hosted listening sessions for state and local governments that discussed the Justice40 Initiative. The feedback received in those sessions informed this document and the IIJA application materials for SEP.

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<sup>10</sup> Please see [General Guidance on Justice40 Implementation for more information regarding identifying DACs with available tools](#).

DOE may provide eligible entities with support and training on tools and resources for implementing the Justice 40 initiatives (e.g., J40 dashboard, EJ Screen, LEAD tool, etc.), along with other training opportunities, such as webinars and workshops.

DOE is also interested in states submitting their own approaches to track Justice40 impacts.

#### 4.3 WORKFORCE DEVELOPMENT

In preparing their applications, states are encouraged to support workforce development and related job creation initiatives. SEP is currently working on a project to advance workforce development at the state level by investigating workforce development activities in which states are engaged and by identifying best practices and gaps.

#### 4.4 PROGRAM ACTIVITIES & OUTCOMES

States play a vital role in establishing plans and strategies to achieve state-led energy goals and priorities, reduce energy costs, increase economic competitiveness, and drive decarbonization. State-led efforts also increase resilience by enhancing grid reliability through energy savings technologies or distributed generation. Examples of state-led activities include:

- State Energy Planning.
- Energy Emergency Planning and Response.
- Low-Cost Financing Programs for Energy Efficiency.
- Energy Savings Performance Contracting.
- Innovative Energy Technology Demonstration Projects.
- Partnerships with Local Governments for Energy Efficiency Improvements.
- School and Public Building Retrofit Programs.

Since FY 2017, SEP has provided states with over \$300 Million in annual financial assistance not including funding from IIJA), resulting in a wide range of benefits to states, including:

- Energy efficiency upgrades in more than 25,000 buildings with a cumulative 166 million ft<sup>2</sup> in floor space.
- Installation of more than 67,000 renewable energy systems.
- Education of more than 1.6 million people in performing energy audits and upgrades.
- Implementation of energy security, resiliency, and emergency preparedness plans.
- Development of state-led strategic energy initiatives.
- Investments to expand use of domestic energy resources.
- Successful piloting of innovative energy projects with the private sector, K-12 schools, and universities.
- Execution of Energy Savings Performance Contracts to undertake retrofit projects in public facilities.
- Development of implementation models that serve as “how-to” guides for other states who wish to replicate the programs that are achieving energy efficiency savings.

#### **4.5 TECHNICAL ASSISTANCE**

DOE will continue to provide technical assistance and guidance to states in PY2023 to assist with implementation of efficient and effective programs. For example, states share information with DOE and each other in peer-to-peer facilitated dialogues about the challenges they encounter and how they overcame them. Technical assistance is available in many areas, including developing and implementing energy plans; paying for energy initiatives; designing and implementing energy programs; and accessing and using energy data. Requests for technical assistance should be made through the state's DOE Project Officer.

Many jurisdictions are fast-tracking climate action and taking a hard look at how renewable energy, sustainable transportation, and energy efficiency projects can best support their energy and climate goals. Experts at DOE's National Renewable Energy Laboratory (NREL) are ready to support these efforts through the "State, Local, and Tribal Technical Support Services Agreement."

Through streamlined contracting and cost-effective pricing, the services agreement affords users timely support and technical insight needed to deftly navigate the complexities of clean energy planning, from project development through execution and closeout.

Users will gain access to NREL expertise, models and tools, and guided analysis to support data-driven, actionable energy decisions that drive renewable energy, energy efficiency, and/or sustainable transportation projects. These include but not limited to:

- Ask an Expert: Phone interaction with an NREL technology, policy, economic, or regulatory expert.
- RFP Review: Review of a request for proposals (RFP).
- Proposal Reviews: Review of proposal responses on clean energy projects.
- Technical, Policy, and Regulatory Overview: NREL expertise on specific tools including introductory training, advice on integration of data, and/or review of outputs and interpretation.
- Data Development: NREL staff to compile and provide known energy data on a location.
- Advisory Committee Participation: NREL expertise for projects, programs, strategies, or policies.

Explore the list of technical support service options and connect with NREL to get the technical support you need for your energy projects.

#### **5.0 FUNDING**

Funding for all awards and future budget periods is contingent upon the availability of funds appropriated by Congress for the purpose of this program and the availability of future-year budget authority.



### 5.1 FORMULA ALLOCATIONS

Please see the attachment for PY23 allocations. Grantees should develop their State Plans using PY23 SEP allocations.

See 10 CFR Part 420.11 for the allocation process.

### 5.2 COST MATCH

Cost match is not required for Program Year 2023 Formula awards. If cost match is proposed, it must be included in the budget and budget justification.

States with Petroleum Violation Escrow (PVE) funds may in some cases use these funds as cost match. Stripper Well funds and Diamond Shamrock funds may be used as cost match. Chevron, Warner Amendment, and Exxon funds may not be used as cost match.

States may not use certain sources of funding to fund cost match including, but not limited to:

- Revenues or royalties from the prospective operation of an activity beyond the project period.
- Proceeds from the prospective sale of an asset of an activity.
- Federal funding or property (e.g., Federal grants, equipment owned by the federal government).
- Expenditures that were reimbursed under a separate federal program.
- Bank loans from financial institutions (funds borrowed from a financial institution, which will later be paid back in full).

### 5.3 USE OF STRIPPER WELL FUNDS OUTSIDE OF THE STATE ENERGY PROGRAM

States must ensure that all proposed uses of Stripper Well funds outside of the SEP have prior review and approval by DOE Headquarters. Proposals should be submitted through the following email address: [sep-pve@ee.doe.gov](mailto:sep-pve@ee.doe.gov). Please send a copy of the request to your Project Officer. This proposal should include a description of the work along with the timeframe and associated budget.

### 5.4 PROGRAM INCOME

DOE encourages states to earn income in connection with SEP activities to defray program costs. If the State Plan includes such activities, states should include an estimated amount of earned income in the budget portion of the Grant Application. Program income is defined in federal regulations as gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes but is not limited to:

- Income from fees for services performed.
- The use or rental of real or personal property acquired with grant funds.

- The sale of commodities or items fabricated under a grant agreement.
- License fees and royalties on patents and copyrights.
- Payments of principal and interest on loans made with grant funds.

Program income does not include interest on grant funds except as otherwise provided in this subpart, program regulations, or the terms and conditions of the award. Nor does it include rebates, credits, discounts, refunds, etc., or interest earned on any of them.

(See 2 CFR 200.80 and 2 CFR Part 200.307 for further information.)

## 5.5 FINANCING PROGRAMS

On November 10, 2020, DOE issued revised program guidance on the use of SEP funds for financing programs. The guidance outlines conditions that must be met to establish a financing program. For complete information, see SEP Program Notice 10-008F, “Guidance for State Energy Program Grantees on Financing Programs” [here](#).

When a state establishes a financing program using SEP or PVE funds, the principal and interest collected may be used to fund additional financing options, or to fund the operations of any program eligible and approved under SEP.

When DOE approves funds for a financing program, the state assumes responsibility for the stewardship and ultimate recapture of any unused and returned funds, including principal and any interest at the end of the approved life of the program. A final accounting of these funds must occur and be submitted to DOE, when the program is closed out. The accounting report should include all unused funds, including any principal remaining, and the amounts of interest collected. The state must apply the remaining funds to other eligible uses under SEP, including a reasonable timeframe for expenditure. Re-authorization of funds used in the financing program will be based on state proposals and program rules and regulations. Any interest earned would be considered program income when the program ends, and the final accounting report would reflect the balance of funds remaining after subtracting any operating expenses.

## 6.0 APPLICATION INSTRUCTIONS FOR SEP ANNUAL FORMULA GRANTS

### 6.1 OVERVIEW

The application package for SEP grants consists of the State Plan and a number of required forms. The State Plan is the heart of the application package. It is divided into three sections—the Budget, the Master File, and the Annual File (see section 6.3 below).

Applications must be submitted in accordance with the PY 2023 SEP Administrative and Legal Requirements Document (ALRD). Application due dates are identified on the cover page of the ALRD.

As a reminder, application documents, forms, and data submitted to SEP may be made available to the public at DOE's discretion following all applicable laws and regulations that protect confidential or proprietary information.

## 6.2 NEW AWARDS

All new awards will continue to be 3-year awards. The new awards will consist of a 3-year Project Period with three 1-year Budget Periods, contingent on availability of funds. A new application is required to be submitted the first year. The new application should reflect the first year's Federal Allocation, the first year's optional Cost Match, and other first year contributions. Please note that the new awards cannot include any carryover funds from prior awards. In subsequent years, a continuation application will be required reflecting that year's allocation and any carryover.

Extensions to existing awards will not be authorized except in cases of extraordinary circumstances. It is DOE's expectation that states will spend out their entire DOE award by the end of the 3rd year and that states will plan accordingly. However, DOE will consider extension requests for extraordinary circumstances. Extraordinary circumstances include the loss of personnel for an extended period of time; a change in leadership that necessitates, or a decision by leadership resulting in, a significant change in program plans that significantly delays, or significantly alters, spending; a significant (over three months) freeze on spending; significant delays in procurement; or a natural disaster; or other extraordinary circumstances, including COVID-19 impacts, preventing a state from spending out its funds during its grant period. DOE reserves the right to alter the allowable circumstances for an extension for a given program year at its discretion.

## 6.3 STATE APPLICATION

The State Application consists of:

- Standard Form 424 (Application form)
- Standard Form 424A (Budget summary)
- Budget Justification
- Master File
- Annual File
- Various certifications
- A link to the state's latest single or program-specific audit as required by 2 CFR 200 Subpart F
- An indirect rate agreement (if applicable)
- An environmental questionnaire (if applicable).

Program regulations govern all funds budgeted in the State Application, whatever their source. DOE funds, PVE funds, estimated program income, and the state match must all be listed in the budget portion of the State Application. All funds must be spent on the activities described in

the State Application and addressed in the financial and performance reports required under the grant.

#### 6.3. A. STANDARD FORM 424 (APPLICATION)

A completed and signed Standard Form 424 (SF424) containing current information must be submitted. Please ensure all sections have been updated to reflect any changes, including changes to the person to be contacted on matters involving the application and the authorized representative.

- Section 2 of this Form asks for states to select the type of application. A state entering year one of its three-year award should mark “New”. A state entering year two or three of its three-year award should mark “Continuation”.
- Section 18 of this form should reflect new funds only (not carryover).
- Please verify compliance with [Intergovernmental Review \(SPOC List\) \(whitehouse.gov\)](#).

The list of certifications and assurances referenced in Field 21 may be found [here](#).

Once the SF424 is completed, **add an attachment to the document with the name, title, phone number and email address for both the Principal Investigator and the Business Officer. This attachment should be updated every year.**

#### 6.3. B. STANDARD FORM 424A (BUDGET)

The budget includes Standard Form 424A Summary which includes a Budget Justification. Each of these forms should be completed following the guidelines set out below.

6.3. B.1. Standard Form 424A: Applications must include a budget for all funds including DOE, PVE, and state match. It should be completed as follows:

- Section A: Budget Summary Lines 1-4, Columns (a) through (g). On line 1, enter new and unexpended DOE funds. Estimated carryover funds should be listed in the unobligated columns. Use a separate line for each funding source, e.g., federal funds, PVE funds, match, etc.
- Section B: Budget Categories. Separate column headings (with the same name as the rows in Section A) should be utilized for each funding source. The total in column g, Section A, must equal the total of all columns in Section B.

6.3. B.2 Budget Justification: The Budget Justification consists of a detailed explanation of the object class categories listed in line 6, Section B, of Standard Form 424A. In preparing the Budget Justification, states should address the following as requested for each budget category.

- **Personnel:** Identify all positions to be supported by title and the amounts of time (e.g., % of time) to be expended on SEP, the base pay rate, and the total direct personnel compensation. Personnel must be direct costs to the project and not duplicative of personnel costs included in the indirect pool that is the basis of any indirect rate applied for this project.
- **Fringe Benefits:** If fringe cost rates are approved by a federal agency, identify the agency and date of latest rate agreement and include a copy of the rate agreement with the application. If fringe cost rates are not approved by a federal agency, explain how total fringe benefit costs were calculated. Your calculations should identify all rates used along with the base they were applied to (and how the base was derived), and a total for each (along with the grand total). If there is an established computation methodology approved for state-wide use, provide a copy with the SF424 Application.
- **Travel:** Provide the purpose of travel, such as professional conference(s), DOE sponsored meeting(s), project monitoring, etc. Identify the number of trips, and the destination/location if known. Provide the basis for the travel estimate such as past trips, current quotations, federal or state travel regulations, etc. All listed travel must be necessary or beneficial to the performance of SEP. All foreign travel must be identified and requires pre-approval.
- **Equipment:** Equipment is defined as an item with an acquisition cost greater than \$5,000 and a useful life expectancy of more than one year. List all proposed equipment and briefly justify its need as it applies to the objectives of this award. Provide a basis of cost such as vendor quotes, catalog prices, prior invoices, etc. If the equipment is being proposed as cost match and was previously acquired, provide the value of its contribution to the project and a rationale for the estimated value shown. If it is new equipment that will retain a useful life upon completion of the project, provide a rationale for the estimated value shown. Also, indicate whether the equipment is being used for other projects or is 100% dedicated to this project.
- **Supplies:** Supplies are defined as items with an acquisition cost of \$5,000 or less or a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. List all proposed supplies and the estimated cost and briefly justify the need for the supplies as they apply to the objectives of this award. Supply items must be direct costs to the project and not duplicative of supply costs included in the indirect pool that is the basis of any indirect rate applied for this project. Provide a basis of cost for each item listed. Examples include vendor quotes, prior purchases of similar or like items, published price list, etc.
- **Contractual:** All sub-recipients, vendors, contractors and consultants and their estimated costs should be identified. Use TBD if the entity is unknown. Provide a brief

description of the work to be performed or the service to be provided and reference the individual market title the work or service falls under. Include the basis of cost for each item listed (competitive, historical, quote, catalog, etc.).

- **Other Direct Costs:** Other direct costs are direct cost items required for the project that do not fit clearly into other categories. These direct costs must not be included in the indirect costs (if indirect costs are proposed for this project). Examples are conference fees, meetings within the scope of work, subscription costs, printing costs, etc., that can be directly charged to the project and are not duplicated in indirect (overhead) costs. Provide a general description, cost and justification of need for each direct cost item. Provide a basis of cost for each item. Examples include vendor quotes, prior purchases of similar or like items, published price list, etc.
- **Indirect Costs:** If the indirect cost rate has been approved by a federal agency, identify the agency and the date of the latest rate agreement and submit a copy of the agreement with the application. If the indirect cost rate has not been approved by a federal agency, provide the basis for computation of rates including the types of benefits to be provided, the rate(s) used and the cost basis for each rate.

### 6.3. C. MASTER FILE

The Master File should include, wherever practicable, information on the state's overall strategic energy plan and its key elements, its strategic goals and objectives, and how its SEP activities fit into that overall plan. The Master File should be updated annually as appropriate.

The Master File should:

- Explain how implementing the plan will conserve energy.
- Explain how the state will measure progress toward attaining its goals.
- Explain how the plan satisfies the minimum criteria for the required (mandatory) activities.
- Provide a plan for state monitoring that describes how the state conducts the administrative and programmatic oversight for programs implemented by other agencies within the state, contractors employed by the state, or sub-recipients of financial assistance from the state.

As a reminder, the Infrastructure Investment and Jobs Act of 2021 added a seventh mandatory measure that states must address in the Master File:

- The mandatory conduct of activities to support transmission and distribution planning, including:
  - support for local governments and Indian Tribes.
  - feasibility studies for transmission line routes and alternatives.
  - preparation of necessary project design and permits.
  - outreach to affected stakeholders.

### 6.3. C.1. Ongoing ARRA Financing Programs

The following template language should be included in Box 12, Monitoring Approach, of the Master File for any states continuing an ARRA Financing Program:

“Following the end of [State Energy Office’s Name]’s SEP ARRA grant [ARRA Grant Number], [State Energy Office’s Name] chose to continue financing program(s) established under our SEP ARRA Grant per SEP guidance series 10-008. This guidance series outlines the continuing administration and reporting required. No dollars have been transferred from the ARRA award to the Annual award as the dollars were expended during the period of performance of the ARRA award. Monitoring information on the programs, including the scope and quarterly financial information, can be found in the Financial Programs Report, submitted quarterly as part of [State Energy Office’s Name]’s SEP Annual grant quarterly reporting requirements.”

For those states with active ARRA-funded RLFs, either self- or third-party administered, please address the following items in Box 12, Monitoring Approach, of the Master File:

- Provide citations to any applicable state regulations or legislation regarding defaults or write-offs.
- Define what constitutes a loan being in default, including the period of time needed to pass since a payment was made for a loan to be considered in default status.
- Describe the policies and procedures used to collect loan payments and/or reclaim defaulted loans (in order of occurrence).
- Describe the policies and procedures to determine when a loan in default is written off.
- Include any other pertinent information that applies to your loan default and write-off process.

If a state is interested in repurposing funds within an ARRA-funded financing program to a grant program or a new financing program, the state must send a repurposing request to its Project Officer and to the email inbox at [sepfinancingprograms@ee.doe.gov](mailto:sepfinancingprograms@ee.doe.gov). The repurposing request should indicate how the state would reword the “description section” of its PAGE Financial Programs Report (FPR), outline the additional metrics that would be added to the “metrics section” of the FPR, and detail the revised dollar amounts. Written approval must be obtained by the Contracting Officer before a state can implement the new program. Repurposing requests may be submitted January 1–31 and July 1–31. States may submit repurposing requests outside of these time frames in emergency situations but must include a statement as to why it is necessary to request repurposing outside of the January 1–31 and July 1–31 windows. Please consult pages 10–11 of SEP Program Notice 10-008F, “Guidance for State Energy Program Grantees on Financing Programs” located [here](#), for additional information on submitting repurposing requests.

If a state is interested in moving ARRA financing program funds from one financing program to another financing program within the FPR, the state should enter an Inter-Program Transfer in

the FPR, provide an explanation in the FPR Remarks section, and notify its Project Officer of the transfer. Contracting Officer approval is not required for Inter-Program Transfers.

A Financial Programs Report (FPR) must be submitted quarterly, but Quarterly Progress and SF-425 reports are not required for ARRA Financing Program activities. The FPR is available in PAGE and must be completed quarterly. States must report metrics for each program detailed in the FPR.

For further guidance, see SEP Program Notice 10-006E “DOE Reporting Requirements for the State Energy Program”. The guidance can be found [here](#).

#### 6.3. D. ANNUAL FILE

The Annual File section of the State Plan describes each Activity for which the state requests financial assistance for a given year, including budget information and milestones for each Activity, and the intended scope and goals to be attained either qualitatively or quantitatively.

In PY21, SEP’s application and reporting system known as Performance and Accountability for Grants in Energy (PAGE) was enhanced to include eight standard Activity types and two sets of checkboxes and one set of sub-checkboxes. Please ensure you do not select the 9<sup>th</sup> Activity, Technology Action Group (TAG), as no new TAGs will be created in PY23.

These Activities and checkboxes have been designed to capture the overarching activities in which SEOs engage, the sectors that are impacted, and the technologies and/or topic areas of focus of SEO-administered programs. This framework ensures that emerging state policies and programs are uniformly captured, and that best practices and replicable models can be more readily shared among all SEOs. The “State Energy Program (SEP) Annual Formula Grant Application Instructions: Selecting Activities, Sectors, Technologies and/or Topic Areas” can be accessed on the SEP Guidance page [here](#), and in the Reference Library in PAGE.

The Annual File must account for all funds budgeted within the program year, including funds for administrative activities. This includes match and PVE funds. The Annual File must include at least one metric for each Activity. Activities that are administrative only are exempt from this requirement.

As program-wide performance indicators that are valuable to all SEP stakeholders, metrics are an important element of formula grant reporting. How to best use metrics is described in detail in SEP Program Notice 10-006E “DOE Reporting Requirements for the State Energy Program”. The guidance can be found [here](#). “Unpaired” metrics should be avoided. For example, if a State reports the number of buildings retrofitted, the square footage retrofitted must be included as well. DOE is working to identify metrics for future reporting on how states’ investments of DOE financial assistance impact such topics as energy equity and environmental justice and how they relate to disadvantaged communities.



States are encouraged to consult their Project Officers to identify metrics that best capture the work they will be performing. SEP activities that do not fit well into the metrics section should be reported in the Milestone section. States should list planned milestones in the Program Year Milestones section in their applications.

For each Activity, states should identify all funding sources and the dollar amounts allocated. The sum of the budgets of each Activity must equal the totals in Section A of the SF424A. See 10 CFR Part 420.13 for more specific requirements on State Plans.

#### MANDATORY REQUIREMENTS

The following mandatory requirements must be addressed in a State Plan:

1. Establish mandatory lighting efficiency standards for public buildings.
2. Promote carpools, vanpools, and public transportation.
3. Incorporate energy efficiency criteria into procurement procedures.
4. Implement mandatory thermal efficiency standards for new and renovated buildings.
5. Permit right turns at red traffic lights and left turns from a one-way street onto a one-way street at a red light after stopping.
6. Ensure effective coordination among various local, state and federal programs within the state that pertain to energy efficiency, renewable energy, and alternative transportation fuels.
7. The mandatory conduct of activities to support transmission and distribution (T&D) planning, including:
  - Support for local governments and Indian Tribes.
  - Feasibility studies for transmission line routes and alternatives.
  - Preparation of necessary project design and permits.
  - Outreach to affected stakeholders.

#### OPTIONAL PROGRAM ACTIVITIES

States may wish to consider the following program areas for inclusion in their State Plans:

- Program activities of public education to promote energy efficiency and renewable energy.
- Program activities for financing energy efficiency measures and renewable energy measures, which may include loan programs and performance contracting programs for leveraging of additional public and private sector funds and program activities that allow rebates, grants, or other incentives for the purchase of energy efficiency measures and renewable energy measures.
- Program activities for encouraging and for carrying out energy audits with respect to buildings and industrial facilities (including industrial processes) within the state.
- Program activities to promote the adoption of integrated energy plans that provide for (a) periodic evaluation of a state's energy needs, available energy resources (including greater energy efficiency), and energy costs; and (b) utilization of adequate and reliable energy supplies, including greater energy efficiency, that meet applicable safety, environmental, and policy requirements at the lowest cost.

- Program activities to identify unfair or deceptive acts or practices that relate to the implementation of energy efficiency measures and renewable energy measures and to educate consumers concerning such acts or practices.
- Program activities to modify patterns of energy consumption so as to reduce peak demands for energy and improve the efficiency of energy supply systems, including electricity supply systems.
- Program activities to promote energy efficiency as an integral component of economic development planning conducted by state, local, or other governmental entities or by energy utilities.
- Program activities (enlisting appropriate trade and professional organizations in the development and financing of such programs) to provide training and education (including, if appropriate, training workshops, practice manuals, and testing for each area of energy efficiency technology) to building designers and contractors involved in building design and construction or in the sale, installation, and maintenance of energy systems and equipment to promote building energy efficiency.
- Program activities to provide support for prefeasibility and feasibility studies for projects that utilize renewable energy and energy efficiency resource technologies in order to facilitate access to capital and credit for such projects.
- Program activities to support industrial energy efficiency and combined heat and power.
- Program activities to increase transportation energy efficiency, including programs to help reduce carbon emissions in the transportation sector by 2050 and accelerate the use of alternative transportation fuels for, and the electrification of, State government vehicles, fleet vehicles, taxis and ridesharing services, mass transit, school buses, ferries, and privately owned passenger and medium- and heavy-duty vehicles.<sup>11</sup>
- Program activities that promote the installation and use of demand-response technology and demand-response practices.<sup>12</sup>
- Program activities leading to the development, implementation, review, and revision of a state energy security plan.<sup>13</sup>

#### STATE ENERGY SECURITY PLANS

The Infrastructure Investment and Job Act (IIJA) of 2021 states that all future distributions of financial assistance through the State Energy Program will require the submission to DOE of a State Energy Security Plan that meets the requirements set out by the IIJA.

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<sup>11</sup> This optional element was added by the Infrastructure Investment and Jobs Act of 2021, replacing a similar element related to transportation.

<sup>12</sup> This optional element was added by the Infrastructure Investment and Jobs Act of 2021.

<sup>13</sup> The Infrastructure Investment and Jobs Act of 2021 added a requirement for states to submit a State Energy Security Plan and provides that states may use SEP funds for the development, implementation, review, and revision of a State Energy Security Plan

At minimum, the State Energy Security Plan must:

- Address all energy sources and regulated and unregulated energy providers.
- Provide a State energy profile, including an assessment of energy production, transmission, distribution, and end-use.
- Address potential hazards to each energy sector or system, including
  - physical threats and vulnerabilities and
  - cybersecurity threats and vulnerabilities.
- Provide a risk assessment of energy infrastructure and cross-sector interdependencies.
- Provide a risk mitigation approach to enhance reliability and end-use resilience.
- Address multi-State and regional coordination, planning, and response, and coordination with Indian Tribes with respect to planning and response; and to the extent practicable, encourage mutual assistance in cyber and physical response plans.

#### 6.3. E. EXPENDITURE PROHIBITIONS AND LIMITATIONS

States are prohibited from using SEP financial assistance to:

- Fund construction, such as construction of mass transit systems and exclusive bus lanes, or for the construction or repair of buildings or structures.
- Purchase land, a building or structure, or any interest therein.
- Subsidize fares for public transportation.
- Subsidize utility rate demonstrations or state tax credits for energy conservation or renewable energy measures.
- Conduct or purchase equipment to conduct research, development, or demonstration of energy efficiency or renewable energy techniques and technologies not commercially available.

#### Limitations:

- No more than 20 percent of the financial assistance awarded to the state for this program shall be used to purchase office supplies, library materials, or other equipment whose purchase is not otherwise prohibited.
- Demonstrations of commercially available energy efficiency or renewable energy techniques and technologies are permitted and are not subject to the construction prohibition or the 20 percent on equipment and direct purchase limitations.
- A state may use regular or revolving loan mechanisms to fund SEP activities that are consistent with SEP rules and that are included in the approved State Plan. Loan repayments and interest on loan funds may be used only for activities that are consistent with the rules and are included in the state's approved plan.
- A state may use funds for the purchase and installation of equipment and materials for energy efficiency measures and renewable energy measures, subject to the following:
  - Such use must be included in the state's approved plan (and if PVE funds are used, the use must be consistent with any judicial or administrative terms and conditions imposed upon state use of such funds).

- Such use is limited to no more than 50 percent of all funds allocated by the state to SEP in any given year, regardless of source, except that this limitation shall not include regular and revolving loan programs funded with PVE funds. States may request a waiver of the 50 percent limit from DOE for good cause. For regular and revolving loan funds, loan documents shall ensure repayment of principal and interest within a reasonable period of time and shall not include provisions for loan forgiveness.
- Funds may be used to supplement, and no funds may be used to supplant, weatherization activities under the Weatherization Assistance Program for Low-Income Persons.
- States must document their NEPA and Section 106 determinations for DOE review.

See 10 CFR Part 420.18 for more detailed expenditure prohibitions and limitations.

#### 6.3. F. OTHER FORMS

The following files should be submitted as attachments with your application if applicable:

- Indirect Rate Agreement or Rate Proposal.
- Certifications regarding Lobbying (SF-LLL Disclosure Form to report lobbying).
- A document containing a link to the state's latest single or program-specific audit as required by 2 CFR 200 Subpart F.
- A document providing the name, phone number and email address of the Principal Investigator and Business Officer.

#### 6.3. G. NATIONAL ENVIRONMENTAL POLICY ACT INFORMATION

DOE must comply with the National Environmental Policy Act (NEPA) prior to authorizing the use of Federal funds. DOE must also consider the effects on historic properties, pursuant to Section 106 of the National Historic Preservation Act (NHPA). Additionally, DOE must consider the impacts to floodplains and wetlands, pursuant to 10 CFR Part 1022—Compliance with Floodplain and Wetland Environmental Review Requirements. To streamline these required reviews, DOE carries out each of these reviews under the umbrella of its NEPA review. States should review and follow the NEPA determination in their award documents for the final restrictions, and the list of activities that have been categorically excluded from further NEPA review.

Recipients are responsible for completing the online NEPA and Historic preservation training at [www.energy.gov/node/4816816](http://www.energy.gov/node/4816816) and contacting NEPA with any questions at [GONEPA@ee.doe.gov](mailto:GONEPA@ee.doe.gov).

Most, but not all states developed a DOE executed Historic Preservation Programmatic Agreement (PA) for historic preservation compliance. States that do NOT have a PA must follow the added restrictions in the NEPA determination to ensure Section 106 compliance. There are two paths to complete a NEPA review for SEP projects covered by the formula award NEPA determination, which may include ARRA Financing Programs in the Formula Award NEPA

determination: 1) states determine and document that a project falls within a Bounded Category (see your NEPA determination for the complete list of Bounded Categories and restrictions), or 2) states determine the project does not fit within a Bounded Category and submit an Environmental Questionnaire (EQ-1) for DOE to complete a NEPA review. States will receive a NEPA determination for their records. Both paths require a documented NEPA review. DOE has developed a NEPA log as a tool to assist states in documenting that their projects fit within the Bounded Categories. States should contact their Project Officer for the most recent NEPA log. NEPA documentation for SEP Formula and ARRA projects (for those states who chose to include their ARRA Financing Programs and/or funds repurposed from ARRA Financing Programs in the Formula Award NEPA determination) must be available for DOE review at all times and submitted quarterly as outlined in the Federal Assistance Reporting Checklist.

The two lists of Bounded Categories (one list for states with a PA and another list for Guam which does not have a PA) detailed below apply to activities funded by the 2023ALRD, and ARRA Financing Programs or funds repurposed from ARRA Financing Programs, except for states who will continue using their NEPA template/NEPA determination developed during ARRA for projects funded with ARRA dollars.

Most Bounded Categories are more restrictive than the Categorical Exclusion. The restrictions must be followed for the Bounded Category to be applicable.

This is a reminder that States must submit an EQ-1 for a DOE NEPA review for any proposed activities that fall outside of the Bounded Categories listed in the NEPA determination. NEPA reviews cannot be completed after a project is completed. If activities that fall outside the Bounded Categories are completed without a DOE NEPA review of those activities, those activities will be deemed unallowable, and the State will be required to repay any unallowable funds to DOE.

**The following list of Bounded Categories of activities is applicable to states with a DOE executed Historic Preservation Programmatic Agreement (PA). The list of states, their PAs and amendments can be found [here](#).**

Bounded Categories:

1. Administrative activities associated with management and operation of the designated State Energy Office and management of programs and strategies to encourage energy efficiency and renewable energy, including meetings, travel, and energy audits.
2. Development and implementation of programs, plans, and strategies to encourage energy efficiency and renewable energy such as policy development and stakeholder engagement.
3. Development and implementation of training programs.
4. Development and implementation of building codes including inspection services, and associated activities to support code compliance and promote building energy efficiency.

5. Implementation of financial incentive programs including rebates and energy savings performance contracts for existing facilities; grants and loans to support energy efficiency, renewable energy and energy/water saving projects. All project activities funded under a financial incentive program must be listed within the Bounded Categories in this NEPA determination.

6. Funding commercially available energy or energy/water efficiency or renewable energy upgrades, provided that projects adhere to the requirements of the respective state's DOE executed Historic Preservation Programmatic Agreement, and are installed in existing buildings, or within the boundaries of a facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized, and are limited to:

- a. Installation of insulation.
- b. Installation of energy efficient lighting.
- c. HVAC upgrades (to existing systems).
- d. Weather sealing.
- e. Purchase and installation of energy efficient or energy/water efficient home and commercial appliances and equipment (including, but not limited to, energy or water monitoring and control systems, thermostats, furnaces and air conditioners).
- f. Retrofit of energy efficient pumps and motors, for such uses as (but not limited to) wastewater treatment plants, where it would not alter the capacity, use, mission or operation of an existing facility.
- g. Retrofit and replacement of windows and doors.
- h. Installation of Combined Heat and Power System—systems sized appropriately for the buildings in which they are located, not to exceed peak electrical production at 300kW.
- i. Battery Energy Storage System - not to exceed 1,000kWh capacity.

7. Development, implementation, and installation of onsite renewable energy technology from renewable resources, provided that projects adhere to the requirements of the respective state's DOE executed Historic Preservation Programmatic Agreement, are installed in or on an existing structure or within the boundaries of a facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized, and limited to:

- a. Solar Electricity/Photovoltaic—appropriately sized system or unit not to exceed 60 kW.
- b. Wind Turbine—20 kW or smaller.
- c. Solar Thermal (including solar thermal hot water)—system must be 200,000 BTU per hour or smaller.
- d. Ground Source Heat Pump—5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
- e. Biomass Thermal—3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.

8. Installation of fueling pumps and systems for fuels such as compressed natural gas, hydrogen, ethanol and other commercially available biofuels, (but not storage tanks) installed on the site of a current fueling station.

9. Purchase of alternative fuel vehicles.

10. Installation of electric vehicle supply equipment (EVSE), including testing measures to assess the safety and functionality of the EVSE, restricted to existing footprints and levels of previous ground disturbance, within an existing parking facility defined as any building, structure, land, right-of-way, facility, or area used for parking of motor vehicles. All activities must use reversible, non-permanent techniques for installation, where appropriate, use the lowest profile EVSE reasonably available that provides the necessary charging capacity; place the EVSE in a minimally visibly intrusive area; use colors complementary to surrounding environment, where possible, and are limited to the current electrical capacity. This applies to Level 1, Level 2, or Level 3 (also known as Direct Current (DC) Fast Charging) EVSE. Installation of EVSE on Tribal Lands, or installations of EVSE that may affect historic properties located on Tribal Lands, is excluded from this Bounded Category, without first contacting your DOE Project Officer who will coordinate with the DOE NEPA Specialist.

States shall adhere to the restrictions of their DOE executed Historic Preservation Programmatic Agreement.

**The following list of Bounded Categories of activities is applicable to states without a DOE executed Historic Preservation Programmatic Agreement (PA).**

Bounded Categories:

1. Administrative activities associated with management and operation of the designated State Energy Office and management of programs and strategies to encourage energy efficiency and renewable energy, including meetings, travel, and energy audits.

2. Development and implementation of programs, plans, and strategies to encourage energy efficiency and renewable energy such as policy development and stakeholder engagement.

3. Development and implementation of training programs.

4. Development and implementation of building codes including inspection services, and associated activities to support code compliance and promote building energy efficiency.

5. Implementation of financial incentive programs including rebates and energy savings performance contracts for existing facilities; grants and loans to support energy efficiency, renewable energy and energy/water saving projects.

All project activities funded under a financial incentive program must be listed within the Bounded Categories, including restrictions.

6. Funding commercially available energy or energy/water efficiency or renewable energy upgrades, provided that projects are **installed in or on existing buildings less than forty-five (45) years old**, or within the boundaries of a facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized, do not require structural reinforcement, no trees are removed, are appropriately sized, and are limited to:

- a. Installation of insulation.
- b. Installation of energy efficient lighting.
- c. HVAC upgrades (to existing systems).
- d. Weather sealing.
- e. Purchase and installation of energy efficient or energy/water efficient home and commercial appliances and equipment (including, but not limited to, energy or water monitoring and control systems, thermostats, furnaces and air conditioners).
- f. Retrofit of energy efficient pumps and motors, for such uses as (but not limited to) wastewater treatment plants, where it would not alter the capacity, use, mission or operation of an existing facility.
- g. Retrofit and replacement of windows and doors.
- h. Installation of Combined Heat and Power System—systems sized appropriately for the buildings in which they are located, not to exceed peak electrical production at 300kW.
- i. Battery Energy Storage System - not to exceed 1,000kWh capacity.

7. Development, implementation, and installation of onsite renewable energy technology from renewable resources, provided that projects are installed in or on an existing structure **less than forty-five (45) years old** or within the boundaries of a facility **less than forty-five (45) years old**, facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized and limited to:

- a. Solar Electricity/Photovoltaic—appropriately sized system or unit not to exceed 60 kW.
- b. Wind Turbine—20 kW or smaller.
- c. Solar Thermal (including solar thermal hot water)—system must be 200,000 BTU per hour or smaller.
- d. Ground Source Heat Pump—5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
- e. Biomass Thermal—3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.

8. Installation of fueling pumps and systems for fuels such as compressed natural gas, hydrogen, ethanol and other commercially available biofuels, (but not storage tanks) **installed on the site of a current fueling station that is less than forty-five (45) years old**.

9. Purchase of alternative fuel vehicles.



10. Installation of electric vehicle supply equipment (EVSE), including testing measures to assess the safety and functionality of the EVSE, restricted to existing footprints and levels of previous ground disturbance, within an existing parking facility defined as any building, structure, land, right-of-way, facility, or area used for parking of motor vehicles. All activities must use reversible, non-permanent techniques for installation, where appropriate, use the lowest profile EVSE reasonably available that provides the necessary charging capacity; place the EVSE in a minimally visibly intrusive area; use colors complementary to surrounding environment, where possible, and are limited to the current electrical capacity. This applies to Level 1, Level 2, or Level 3 (also known as Direct Current (DC) Fast Charging) EVSE. Installation of EVSE on Tribal Lands, or installations of EVSE that may affect historic properties located on Tribal Lands, is excluded from this Bounded Category, without first contacting your DOE Project Officer who will coordinate with the DOE NEPA Specialist.

Under either list of Bounded Categories, the state is responsible for identifying and promptly notifying DOE of extraordinary circumstances, cumulative impacts, or connected actions that may lead to significant impacts on the environment, or any inconsistency with the “integral elements” (as contained in 10 C.F.R. Part 1021, Appendix B) as they relate to a particular Project; compliance with Section 106 of the National Historic Preservation Act (NHPA), and 10 CFR Part 1022.4—Compliance with Floodplain and Wetland Environmental Review Requirements, as applicable.

States must adhere to the requirements included in the “Historic Preservation” term included in the Special Terms and Conditions of the financial assistance agreement.

DOE is required to consider floodplain management and wetland protection as part of its environmental review process (Subpart B of 10 CFR 1022). As part of this required review, DOE determined requirements set forth in Subpart B of 10 CFR 1022 are not applicable to the activities described in Bounded Categories 1–6g above that would occur in a floodplain or wetland because the activities would not have short-term or long-term adverse impacts to the floodplain or wetland. These activities are administrative or minor modifications of existing facilities to improve environmental conditions. All other integral elements and environmental review requirements are still applicable. All projects (except those under Bounded Categories 1–6g) must document that project activities do not occur in a floodplain or wetland. If the project activities do occur in a floodplain or wetland (except those under Bounded Categories 1–6g), those project activities are subject to additional NEPA review and approval by DOE.

For activities/projects requiring additional NEPA review, States must complete the environmental questionnaire (<https://www.eere-pmc.energy.gov/NEPA.aspx>) for review by DOE.

#### 6.3. H. EXPENDITURES WITHIN A GRANT PERIOD

States should expend all obligated funds within the annual budget period. If a state has unobligated carryover balances from one budget period to another, the state should include an estimate of carry-over funds in its continuation application.

It is imperative for states to spend all funds prior to the end of the period of performance of the grant. Any remaining unobligated funds will not be transferred to a subsequent award.

Requests to modify awards ending in calendar year 2023 must be submitted at least **90 days** prior to an award's end date. This will help provide an adequate amount of time for processing the request prior to the award expiration date. Notwithstanding, DOE cannot guarantee that all requests submitted at least **90 days** prior to the award end date will be approved prior to the award's expiration date.

#### 6.4. APPLICATION FORMAT AND CHANGES

##### 6.4. A. CONTENT AND FORM OF APPLICATION

The State Plan application must be submitted via the PAGE online system [here](#).

The PAGE Help System has detailed instructions for creating and submitting an annual application. The Help instructions can be found in PAGE by selecting 'help' from the blue horizontal menu bar, and under the Contents in the left panel selecting 'SEP' and the subtopic for 'New Grant Application'.

From the Home PAGE, select 'Create New Application' then select the 'Add New Application Package'. After creating the new application, be sure to use the 'copy' icons on the checklist screen to copy information from your 2022 application documents. The copy icon is in the status column next to each document listed on the checklist screen. Once the plan has been completed, be sure to validate and submit the plan.

##### 6.4. B. OTHER SUBMISSION AND REGISTRATION REQUIREMENTS

Submission of application documents and award documents, including modifications, through electronic systems used by the DOE, including PAGE and FedConnect, constitutes the authorized representative's approval and acceptance of the terms and conditions of the award. Award acknowledgement via FedConnect constitutes the authorized representative's electronic signature.

##### 6.4. C. QUESTIONS/AGENCY CONTACTS

Questions relating to the registration process, system requirements, how an application form works, or the submittal process must be directed to the PAGE hotline at 866-492-4546, or [page-hotline@ee.doe.gov](mailto:page-hotline@ee.doe.gov). States should contact their respective Project Officer on state-specific questions. Below is a list of current DOE Project Officers assigned to each state.

<b><u>States</u></b>	<b><u>Project Officer</u></b>	<b><u>E-Mail</u></b>	<b><u>Telephone</u></b>
Alabama, Nebraska, New Hampshire, New Jersey	Pete Davis	pete.davis@hq.doe.gov	720-356-1606
Alaska, Hawaii, Louisiana, North Carolina, Oklahoma, South Carolina, Texas, West Virginia	Monica Andrews	monica.andrews@hq.doe.gov	202-236-6541
American Samoa, Guam, Michigan, Montana, Northern Marianas, Oregon, Puerto Rico, Virgin Islands, Washington, Wisconsin	Kelsie Bell	kelsie.bell@hq.doe.gov	720-356-1643
Arizona, Idaho, Illinois, Maine, Maryland, Massachusetts, New Mexico, Pennsylvania, Rhode Island, Vermont	Henry Fowler	henry.fowler@hq.doe.gov	720-356-1595
California, Connecticut, Iowa, Minnesota, Nevada, Utah	Julie Howe	julie.howe@hq.doe.gov	720-356-1628
Delaware, Florida, Georgia, Kansas, Kentucky, Mississippi, North Dakota, South Dakota, Wyoming	John Merenda	john.merenda@hq.doe.gov	720-356-1620
Arkansas, Colorado, District of Columbia, Indiana, Missouri, New York, Ohio, Tennessee, Virginia,	Myles Rogers	myles.rogers@hq.doe.gov	240-597-6348

## 6.5 REPORTING REQUIREMENTS

Guidance has been published that provides the scope and purpose of reporting for SEP formula grants. SEP Program Notice 10-006E “DOE Reporting Requirements for the State Energy Program”. The guidance can be found [here](#).

Reporting requirements are identified on the Financial Assistance Reporting Checklist (FARC), DOE EERE 355, attached to the award agreement.

Additional policy documents may be found [here](#).

The awards initiated since 10/1/2010 are subject to the requirement of Reporting Subawards and Executive Compensation at <https://www.fsr.gov>. Please see Part V.C. of the Administrative and Legal Requirements Document (ALRD) for additional information.

#### 6.5. A. ANNUAL SUMMARY

An Annual Summary must be submitted to the assigned Project Officer no later than **90 days** following the end of the budget period. DOE will analyze the Annual Summaries to capture those impacts that can be attributed specifically to SEP. This will assist DOE in communicating SEP's impacts to outside stakeholders using measurable and verifiable data. Therefore, going forward, we are asking states to summarize only those activities that led to measurable and verifiable impacts. Please do not use the Annual Summary to describe activities where no measurable or verifiable impacts were made.

Please see the Annual Summary Template which accompanies this Program Notice.

#### 6.6. STATE ENERGY PROGRAM OPERATIONS MANUAL

[The State Energy Program Operations Manual](#) is a reference tool for states and program officials within DOE. The Manual was updated in 2022.

### **CONCLUSION**

As the State Energy Program (SEP) and its partners continue to draw both on regular federal appropriations and the valuable lessons and benefits learned throughout the years. DOE looks forward to continuing to work with its state partners to implement effective SEP programs.

AnnaMaria Garcia, Associate Director  
Office of State and Community Energy Programs  
U.S. Department of Energy

### REFERENCE MATERIAL

2023 Administrative and Legal Requirements Document  
Program Year 2023 SEP Formula Allocations  
2023 Formula Award Application Checklist  
Annual Summary Template  
Disadvantaged Communities (DAC) Template  
State Energy Program (SEP) Annual Formula Grant Application Instructions: Selecting Activities, Sectors, Technologies and/or Topic Areas